

VZCZCXRO0070  
PP RUEHHM RUEHPB  
DE RUEHRL #0247/01 0591710  
ZNY CCCCC ZZH  
P 281710Z FEB 08  
FM AMEMBASSY BERLIN  
TO RUEHC/SECSTATE WASHDC PRIORITY 0541  
INFO RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE  
RUCNFRG/FRG COLLECTIVE  
RUEHFR/AMEMBASSY PARIS 9423  
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 BERLIN 000247

SIPDIS

SIPDIS, STATE FOR EUR/AGS, EUR/ERA AND EB/IFD/OMA

E.O. 12958: DECL: 02/28/2018  
TAGS: [EAIR](#) [ECON](#) [EINV](#) [ETRD](#) [PGOV](#) [PREL](#) [TSPA](#) [EUN](#) [FR](#) [GM](#)  
SUBJECT: MUNICH SATELLITE NAVIGATION SUMMIT: IS GALILEO  
TRULY BACK ON TRACK?

REF: A. BERLIN 142  
[1](#)B. MUNICH 652  
[1](#)C. BRUSSELS 310

Classified By: EMIN Robert A. Pollard for reasons  
1.4(b) and (d)

-----  
SUMMARY  
-----

[1](#)1. (C) The 6th Annual Munich Satellite and Navigation Summit, held February 19-21, 2008, focused largely on the Galileo program's future. Though prospects have improved from a year ago, the program still faces significant challenges, including: an aggressive schedule for a fully operational and certified 30 satellite constellation by the year 2013; a European Parliament-imposed funding limit of 3.4 billion euros; and publicly visible political tension among Galileo governing bodies, such as the Global Navigation Satellite System (GNSS) Supervisory Authority (GSA) and the European Commission (EC). The resounding theme at this year's conference was "Galileo is back on track," though it was evident from the various presenters that, from a schedule and budget perspective, there is no room for error and that Galileo could still easily become derailed again. This is the first of two cables covering the 2008 Munich Satellite Navigation Conference. This cable deals with Galileo-specific issues. The second will address broader worldwide GNSS issues. END SUMMARY.

-----  
NO INCREASE IN GALILEO'S BUDGET FORESEEN  
-----

[1](#)2. (SBU) Paul Verhoef, Head of Unit at the Directorate General for Energy and Transport within the EC with responsibility for the Galileo satellite navigation program, stated firmly in his presentation to conference participants that both the EU Council and Parliament have made it very clear that the 3.4 billion euro budget is the sum total of resources that will be made available to the Galileo program through 2013. He emphasized there would be no increases in funding. This sentiment was echoed by Etelka Barsi-Pataky, a member of the European Parliament (EP) Committee on Transport and Tourism. Barsi-Pataky stated that Committee members are convinced that restricting Galileo's budget to 3.4 billion euro through 2013 is the only way to keep the project on schedule and to obtain maximum return on the investment.

-----  
PUBLIC SQUABBLING OVER GSA'S FUTURE ROLE  
-----

[1](#)3. (SBU) Conference participants questioned the utility of

the GSA in the wake of the collapse of the Public-Private Partnership (PPP). Until now, GSA had the lead on signing and monitoring implementation of concession contracts under the PPP. In response to a question on whether the EP's involvement would make Galileo's bureaucracy even more unwieldy, Barsi-Pataky said the EP has recommended that the GSA be dissolved or, at the very least, that its role be re-evaluated. The EP recommendation was motivated by the need to streamline bureaucracy and insure strong central control. GSA's executive director, Pedro Pedreira, seated next to Barsi-Pataky, appeared visibly disturbed by Barsi-Pataky's comments. Pedreira later defended GSA's role, stating publicly that he was disappointed by the Committee's decision. Verhoef, speaking on behalf of the EC, defended the GSA and stressed the need for experience and continuity.

-----  
EU SOFTENING STANCE ON "COMPLETE" INDIGENOUS DESIGN  
-----

14. (C) Giuseppe Viriglio, ESA Director of Telecommunications and Navigation, spoke about the possibility that EU industries might procure non-EU entities for certain components that demonstrate significant advantage. When asked to clarify this position, Viriglio stated that the decision to permit contractors, under certain circumstances, to look beyond the EU to procure components was made in the best interests of Galileo. Asked about International Traffic in Arms Regulations (ITAR)-related implications of the decision, Viriglio said that ITAR would not be required. Since Galileo is not being built for export, there should be no concerns about exports to a third country. (COMMENT: We suspect that the USG might take a different position.)

BERLIN 00000247 002 OF 003

-----  
EADS ASTRIUM INTERESTED IN SUBCONTRACTING TO BOEING  
-----

15. (C) Boeing Satellite representatives Frank Czopek and Michael Rizzo approached Global Affairs officer with information that EADS Astrium had made a "serious inquiry" about procurement of signal generators for Galileo and the program's interest in using six high-level Boeing Satellite engineers on a temporary ("on loan") basis. Czopek and Rizzo said Boeing is very interested in providing contractual help to the EU in support of Galileo, but were concerned about possible ITAR flags that may be raised. They would like to get the ball rolling as soon as possible and initiate a contract proposal to EADS-Astrium.

-----  
OHB AND EADS-ASTRIUM TO RECEIVE CONTRACTS IN PARALLEL  
-----

16. (C) In a conversation with USG officials on the margins of the conference, Alain Bories, OHB Senior Vice President for Strategy and Business Development, spoke glowingly about the prospects for OHB's involvement with Galileo. When asked how OHB will figure into the Galileo Satellite contract, Bories stated that contracts for the first two of three total batches of Galileo satellites to be procured (batches consist of 10-12 satellites each) would be awarded to both OHB and EADS-Astrium in parallel. Bories added that the better of the two designs will be "rewarded" with the contract for the final batch.

-----  
THE MARKET IS NOT WAITING FOR GALILEO, BUT WHEN IT COMES...  
-----

17. (SBU) The consensus of private industry representatives was that the vast majority of customers are currently satisfied with GNSS quality of service in terms of interoperability with GPS and that any future fees associated

with new GNSS signals would not be received well by the industry or customers. GNSS receiver chip manufacturers have experienced an incredible boom in the personal navigation and hand-held GNSS device markets in recent years and as a result the industry feels it is in tune with customer demands and needs. They assert that, as GNSS alternatives become viable and more widespread, the increase in freely available signals will only yield benefits for end-users by increasing accuracy, stability and signal availability.

18. (SBU) Herbert Blaser, VP of Marketing for u-blox AG (a Swiss semiconductor company and market leader in GPS modules) told conference participants that "any licensing fee associated with Galileo will dramatically reduce its effect." Blaser went on to say that the industry has been waiting for Galileo for some time now and has built in anticipation of Galileo, but there "is still no Galileo." This sentiment was echoed by Christian Lenz, a Systems Engineer from U.S.-based Broadreach Space Flight Hardware and Vehicle Design. Christian stated that there is currently no industry demand right now for Galileo, but when it comes it will be used - "provided that it is free."

-----  
BUSINESS MODEL: SERVICE GUARANTEE BUILDS CUSTOMER TRUST  
-----

19. (SBU) An essential aspect of the Galileo business model is the idea that the proposed encrypted civilian service (CS) - to be made available for a monthly service fee - will come with a guarantee of service certificate. The EU is pinning its hopes on the notion that private industry will turn to CS, as opposed to other free-of-charge GNSS signals, for critical applications because of the service guarantee. As explained by Martin Grzebellus, Managing Director of Munich's NavCert GmbH, certification of Galileo CS will provide an integrity signal to all services and will answer liability questions. He added that although certification does not guarantee that a system will work, it does reduce incurred risk and thereby increases safety. Kenneth Kvinnesland, Head of Space Activity at DNV in Oslo, Norway, added that a certification is really a bill of trust that ensures GNSS accuracy, availability and integrity can be trusted. Kvinnesland also noted that although Galileo development is under way, the certification process has not yet begun. This needs to "get going right now" if it is to be, in fact, essential to the business model.

-----  
BERLIN 00000247 003 OF 003

-----  
CERTIFICATION ASPIRATIONS COULD BE CLOUDED BY INTERFERENCE  
-----

110. (SBU) A potential difficulty with the Galileo CS certification model is how to address issues of reduced quality of service due to external interference. As explained by Francisco Salabert, Head of the Eurocontrol GNSS Policy Office, interference is the main obstacle to certification. Salabert promoted the use of inertial navigation systems (INS) working in conjunction with GNSS systems to offset interference problems. At the Galileo Test and Environment (GATE) center located in Oberpfaffenhofen Bavaria, Germany, interference problems have already presented themselves. Guenter Heinrichs of IFEN GmbH stated that radiation from a military signal in Austria has been causing significant interference on the Galileo E5b and E6 signals. He added that destructive interference in the case of the E5b signal has caused testing to fall short of desired accuracy goals.

-----  
GALILEO LAUNCH STATUS UPDATE  
-----

111. (U) Sylvain Loddo, a manager at ESA Galileo Project

Office, stated that the next Galileo In-Orbit Validation Element (GIOVE)-B launch is now scheduled to occur on April 26 2008 from a Soyuz launch vehicle at Baikonur space center in Kazakhstan.

-----  
COMMENT  
-----

¶12. (C) While participants offered many justifications for a 3.4 billion euro satellite capability (e.g., economic growth, development of strategic EU GNSS technical knowledge skills and abilities and enhanced end-user accuracy and availability), the program's main impetus is still the desire to have a satellite capability independent of GPS, GLONASS or any other GNSS system. EU-affiliated participants at the conference portrayed GNSS independence as critical to the EU's infrastructure, especially as more safety of life and key infrastructure systems become increasingly dependent on GNSS data.

¶13. (C) The proposed evaporation of the GSA, already a contentious political issue, is not likely to go away given the unresolved questions of how to balance power and decision-making among the EC, ESA, and any remnants of GSA. The issue has started to take on additional complexity given that Galileo is now being funded directly by taxpayers in EU member states. The controversy can be expected to heat up if component contracts end up being issued outside the EU, a prospect most conference participants considered likely if (as expected) deadline and budget pressures resurface.  
POLLARD